

INTERIM REPORT
4 QUARTER
UNAUDITED 17



MØRE BOLIGKREDITT

Interim Report from the Board of Directors

About the company

Møre Boligkreditt AS is a wholly owned subsidiary of Sparebanken Møre. The company is licensed to operate as a mortgage company, issuing covered bonds. Møre Boligkreditt AS is Sparebanken Møre's most important source of market funding and an important part of the parent bank's long term funding strategy.

The accounts have been prepared in accordance with IFRS.

Fourth quarter results

The financial statements of Møre Boligkreditt AS show a pre tax profit of NOK 69 million in fourth quarter 2017, compared to NOK 44 million in fourth quarter 2016. Net interest income amounted to NOK 75 million, compared to NOK 59 million in fourth quarter last year. Costs amounted to NOK 10 million in fourth quarter 2017, compared with NOK 8 million in the corresponding quarter in 2016.

Møre Boligkreditt AS has not established losses or impairment for individual losses in fourth quarter 2017. Møre Boligkreditt AS has reversed NOK 3 million in collective impairments in fourth quarter 2017. Profit after tax amounted to NOK 57 million in fourth quarter 2017, compared to NOK 33 million in the corresponding quarter 2016.

Møre Boligkreditt AS acquired mortgages from Sparebanken Møre also in the fourth quarter of 2017, and net lending increased by NOK 321 million.

In fourth quarter 2017 no outstanding bond loans matured, and no new bond loan was issued by Møre Boligkreditt AS.

Fourth quarter end results

By fourth quarter end 2017 the financial statements show a profit before tax of NOK 213 million, compared to NOK 208 million by fourth quarter end 2016. Net interest income amounted to NOK 261 million by fourth quarter end 2017, compared to NOK 242 million by fourth quarter end 2016. Costs in the period ending 31 December 2017 amounted to NOK 38 million, compared with NOK 33 million for the corresponding period in 2016.

The amount allocated for collective impairments was NOK 2 million at fourth quarter end 2017 compared to NOK 5 million at fourth quarter end 2016. Profit after tax amounted to NOK 165 million by fourth quarter end 2017, compared to NOK 156 million by fourth quarter end 2016. Tax amounted to NOK 48 million in 2017, compared to NOK 52 million in 2016.

Møre Boligkreditt AS had ten covered bond loans outstanding at 31 December 2017 with a total bond loan debt of NOK 18 823 million, compared to twelve covered bond loans with NOK 18 265 million outstanding at 31 December 2016.

Total assets at fourth quarter end 2017 amounted to NOK 21 748 million compared to NOK 20 972 million at fourth quarter end 2016. Net lending amounted to NOK 21 162 million at fourth quarter end 2017, compared with NOK 19 810 million at fourth quarter end 2016. At end of fourth quarter 2017, the mortgages in the cover pool had an average loan-to-value ratio of 58 per cent, calculated as mortgage amount relative to the value of the property used as collateral.

At fourth quarter end 2017, the company's substitute assets included in the cover pool amounted to NOK 85 million, compared to NOK 743 million at fourth quarter end 2016. Over-collateralisation, calculated as the value of the coverpool relative to the value of outstanding covered bond loan debt was 13.3 per cent as at 31 December 2017, compared to 12.4 per cent as at 31 December 2016.

Møre Boligkreditt AS' liquidity portfolio consisting of Liquidity Coverage Ratio (LCR) eligible assets amounted to NOK 60 million at 31 December 2017, reporting total LCR of 295 per cent by fourth quarter end 2017.

Rating

The rating agency Moody's has assigned Aaa-rating to all covered bonds issued by Møre Boligkreditt AS.

Capital strength

Paid in equity and retained earnings amounted to NOK 1 667 million by end of fourth quarter 2017, compared to NOK 1 509 million by end of fourth quarter 2016. Risk weighted assets amounted to NOK 8 936 million by end of fourth quarter 2017. Net equity and subordinated loan capital amounted to NOK 1 476 million by the end of fourth quarter 2017, compared to NOK 1 313 million by end of fourth quarter 2016. This corresponds to a capital adequacy/core capital ratio of 16.5 per cent. Møre Boligkreditt AS uses internal rating based (IRB) models to calculate capital requirements for credit risk.

Effect of transition to IFRS 9

The company's equity will be charged with NOK 15 million after tax as a consequence of increased impairments due to implementation of IFRS 9.

The implementation of IFRS 9 will have no effect on Møre Boligkreditt AS' common equity tier 1 capital as expected loss according to the capital adequacy requirements already exceeds the company's calculated ECL according to IFRS 9.

Further information is given in Note 1.

Outlook

The oil related part of the Norwegian economy experienced a slowdown also in 2017. A strong household sector due to record low interest rates, low unemployment levels, together with a solid public sector have however kept the production levels high in several other sectors. The weak NOK is positive for the competitiveness of the export industry and the tourist industry. We will probably see the same development with selective growth also in the coming quarters.

The development of house prices, together with growth in debt, is the most important risk factors to Norwegian households. Important risk factors going forward are also the oil price development, macroeconomic growth in export markets and the NOK exchange rate. Should the Norwegian economy experience a negative development, monetary and fiscal policy can be moved in an even more expansive direction.

The combined activity of businesses located in Møre og Romsdal county remains high despite the decline in the petroleum related industries, and unemployment is declining. The registered unemployment rate in the county of Møre og Romsdal was 2.4 per cent in December 2017, which is the same unemployment level as the Norwegian national average. We expect unemployment in the county to stay around national average levels.

Retail lending growth in Sparebanken Møre Group was 7.2 per cent in 2017, but in line with signs of weaker national growth in household debt, we also expect to see the Sparebanken Møre Group retail lending growth rate slowing down somewhat in the coming quarters.

The Board believes that the reduction in unemployment, low interest rates and high disposable household income will contribute to further mortgage loan growth in Sparebanken Møre. This mortgage growth will position Møre Boligkreditt AS to acquire further mortgage loan portfolios from the parent bank, and further increase the volume of outstanding bond loans from Møre Boligkreditt AS.

Ålesund, 31 December 2017

24 January 2018

THE BOARD OF DIRECTORS OF MØRE BOLIGKREDITT AS

KJETIL HAUGE, Chairman

BRITT IREN TØSSE AANDAL

ELISABETH BLOMVIK

GEIR TORE HJELLE

SANDRA MY HRE HELSETH

OLE KJERSTAD, Managing Director

Statement of income

STATEMENT OF INCOME

Amounts in NOK million	Notes	Q4 2017	Q4 2016	2017	2016
Interest income	2	138	129	530	502
Interest expenses	2	63	70	269	260
Net interest income	2 6	75	59	261	242
Commission income		1	0	1	0
Net change in value of securities and related derivatives		0	-6	-14	0
Wages, salaries and general administration costs		1	0	3	2
Other operating costs	6	9	8	35	31
Total operating costs		10	8	38	33
Profit before impairment on loans and taxes		66	45	210	209
Impairment on loans	3	-3	1	-3	1
Pre tax profit		69	44	213	208
Taxes		12	11	48	52
Profit after tax		57	33	165	156

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK million	Q4 2017	Q4 2016	2017	2016
Profit after tax	57	33	165	156
Other comprehensive income	0	0	0	0
Total comprehensive income after tax	57	33	165	156

Statement of financial position

Assets

Amounts in NOK million	Notes	31.12.2017	31.12.2016
Loans to and receivables from credit institutions	2 4 5 6	85	271
Loans to and receivables from customers	2 3 4	21 162	19 810
Certificates and bonds	4 5	60	522
Financial derivatives	4 5	439	368
Deferred tax asset		2	0
Total assets		21 748	20 972

Liabilities and equity

Amounts in NOK million	Notes	31.12.2017	31.12.2016
Loans from credit institutions	4 6	1 202	1 141
Debt securities issued	4 5 6	18 823	18 265
Financial derivatives	4 5	4	4
Tax payable		52	54
Total liabilities		20 081	19 463
Share capital		1 325	1 175
Share premium		175	175
Paid-in equity		1 500	1 350
Retained earnings		167	159
Total equity	7	1 667	1 509
Total liabilities and equity		21 748	20 972

Statement of changes in equity

31.12.2017

Amounts in NOK million	Total equity	Share capital	Share premium	Retained earnings
Equity as at 31 December 2016	1 509	1 175	175	159
Total comprehensive income for the period	165			165
Issue of share capital	150	150		
Dividends	-156			-156
Equity as at 31 December 2017	1 667	1 325	175	167

The share capital consists of 1 060 000 shares at NOK 1 250, a total of NOK 1 325 million. All shares are owned by Sparebanken Møre. The issue of share capital of NOK 150 million was fully paid on 27 February 2017, approved by the Norwegian FSA 20 March 2017, and registered in the Norwegian Register of Business Enterprises 4 April 2017.

Proposed dividend as of 31 December amounts to NOK 152 million.

31.12.2016

Amounts in NOK million	Total equity	Share capital	Share premium	Retained earnings
Equity as at 31 December 2015	1 329	975	175	179
Total comprehensive income for the period	156			156
Issue of share capital	200	200		
Dividends	-176			-176
Equity as at 31 December 2016	1 509	1 175	175	159

The share capital consisted of 940 000 shares at NOK 1 250, a total of NOK 1 175 million. All shares were owned by Sparebanken Møre. Dividend as of 31 December 2016 amounted to NOK 156 million.

Statement of cash flow

Amounts in NOK million	31.12.2017	31.12.2016
Cash flow from operating activities		
Interest, commission and fees received	527	496
Interest, commission and fees paid	-14	-19
Operating expenses paid	-38	-33
Income taxes paid	-51	-63
Payment for acquiring loans from the Parent Bank	-5 108	-7 838
Payment related to instalment loans and credit lines to customers	3 759	4 934
Net cash flow from operating activities	-925	-2 523
Cash flow from investing activities		
Received interest, commission and fees related to certificates, bonds and other securities	3	6
Proceeds from the sale of certificates, bonds and other securities	1 170	114
Purchases of certificates, bonds and other securities	-707	-231
Changes in other assets	-14	-3
Net cash flow from investing activities	452	-114
Cash flow from financing activities		
Paid interest, commission and fees related to issued bonds	-252	-242
Net change in loans from credit institutions	61	171
Proceeds from bonds issued	3 350	3 494
Redemption of issued covered bonds	-2 883	-828
Dividend paid	-156	-176
Changes in other debt	17	4
Issue of share capital and premium	150	200
Net cash flow from financing activities	287	2 623
Net change in cash and cash equivalents	-186	-14
Cash balance at 01.01	271	285
Cash balance at 31.12	85	271

Note 1

ACCOUNTING PRINCIPLES

Møre Boligkreditt AS' interim report is prepared in accordance with IAS 34 Interim Financial Reporting (compressed).

The accounts are prepared using the same principles, and with the same methodology as the annual accounts for 2016. The principles are outlined in the annual report for 2016. There have been no material changes in standards that affect the financial statements of Møre Boligkreditt AS from 31 December 2016.

IFRS 9 Financial Instruments will replace IAS 39 as of 1 January 2018. IFRS 9 introduces a business oriented model for classification and measurement of financial instruments, an expected loss model for impairments and a new model for hedge accounting.

For Møre Boligkreditt AS the transition to IFRS 9 will impact the company's accounting for basiswap spreads as these will be charged to OCI as of 1.1.2018 as part of the new hedge accounting model where the cost of hedging can be charged to OCI in certain circumstances. In addition IFRS 9 fundamentally changes the loan loss impairment methodology. The standard replaces IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach. The Sparebanken Møre Group has developed an ECL-model based on the Group's IRB parameters. Calculation of expected loss for Møre Boligkreditt AS at 1.1.2018 results in increased impairments of NOK 20 million.

The company's equity will be charged with NOK 15 million after tax as a consequence of the implementation of IFRS 9.

The implementation of IFRS 9 will have no effect on Møre Boligkreditt AS' common equity tier 1 capital as expected loss according to the capital adequacy requirements already exceeds the company's calculated ECL according to IFRS 9.

Spesification of the transition effects will be presented in notes to the 2017 annual report.

The interim financial statements are not audited.

All amounts are stated in NOK million unless stated otherwise.

Note 2

OPERATING SEGMENTS

Møre Boligkreditt AS has only one segment in its business and the customers derive mainly from the retail banking market. The following tables contain details of loans to customers by sector.

(MNOK)	Loans	
	31.12.2017	31.12.2016
Broken down according to sectors		
Commercial sector	380	366
Retail customers	20 759	19 426
Accrued interest income	25	23
Loans, nominal amount	21 164	19 815
Collective impairment	-2	-5
Loans to and receivables from customers	21 162	19 810

(MNOK)	Net interest income	
	31.12.2017	31.12.2016
Interest income from:		
Loans to and receivables from credit institutions	2	2
Loans to and receivables from customers	525	494
Certificates, bonds and other interest-bearing securities	3	6
Interest income	530	502
Interest expenses in respect of:		
Loans from credit institutions	17	18
Debt securities issued	252	242
Interest expenses	269	260
Net interest income	261	242

Note 3

IMPAIRMENT, LOSSES AND NON-PERFORMANCE

Møre Boligkreditt AS reviews its loan portfolio continuously. If there is objective evidence that a loan is impaired, the impairment loss is calculated quarterly as the difference between the carrying value of the loan and the estimated present value of future cash flows. Loans and loan commitments are assessed to see whether or not objective evidence exists that a loss event has occurred at the reporting date that have a negative impact on future cash flows. Examples of such objective evidence are significant financial problems at the borrower, payment defaults, significant breaches of contract, amendments to terms as a result of the borrower's financial difficulties, bankruptcy, etc.

If objective evidence of impairment exists, the impairment is estimated as the difference between the carrying amount and the present value of future cash flows. Estimates of future cash flows also take into account takeovers and sales of associated collateral, including expenses associated with such takeovers and sales.

When all collateral has been realised and there is no doubt that the mortgage company will not receive further payments relating to the loan, the impairment will be reversed and the actual loss will be booked. Nonetheless, the claim against the customer will remain and be followed up, unless a debt forgiveness agreement is reached with the customer.

Assets for which no objective evidence of impairment is observed on an individual instrument basis are grouped based on similar credit risk characteristics and assessed on a collective basis. Collective impairments are recognised for sub-groups of loans or loan commitments when there is observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of loans or loan commitments since the initial recognition, while the decrease cannot yet be identified with the individual financial assets in the Group.

The Sparebanken Møre Group has developed its own collective impairment model and calculations are conducted each month based on input from the risk classification system, data warehouse, and assessments of macroeconomic factors. Changes to risk classification, negative developments in collateral values, and registered macroeconomic events that affect future estimated cash flows are taken into account in the model. The Group's model for collective impairment is tailored to Møre Boligkreditt AS' assumptions and operations.

No objective evidence of loss events requiring impairment on an individual loan or loan commitment basis was observed at the reporting date. Nor do the lending statistics on this date show any registered non-performance in the mortgage company's portfolio. The collective impairment model on this date indicates a decrease in collective impairments for the mortgage company's portfolio of NOK 3 million in Q4 2017. Total impairment amounts to NOK 2 million as at 31 December 2017.

Note 4

FINANCIAL INSTRUMENTS

All lending and receivables are recorded at amortised cost. Amortised cost is also used for fixed and floating rate securities issued.

The company's debt securities issued with fixed interest rates are accounted for using fair value hedging. Losses and gains, resulting from changes in value due to changes in market interest, of debt securities with fixed interest are recognised in the income statement in the period they arise.

Market prices are used to price lending to and receivables from financial institutions and lending to customers. The prices set include a mark-up for the relevant credit risk. Fair value is estimated as the carrying amount of the lending and receivables stated at amortised cost after deducting impairment.

There are no major differences between the book value and the fair value of loans to credit institutions and customers, and liabilities to credit institutions agreed at variable rates and recognised at amortised cost. Fair value of debt securities is calculated allowing for change in the market interest rates and change in the credit margin.

Financial derivatives related to the company's debt securities issued are carried at fair value through profit or loss, and recognised gross per contract, as either asset or debt.

CLASSIFICATION OF FINANCIAL INSTRUMENTS	Financial instruments at fair value through profit or loss		Financial assets and liabilities carried at amortised cost	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Loans to and receivables from credit institutions			85	271
Loans to and receivables from customers			21 162	19 810
Certificates and bonds	60	522		
Financial derivatives	439	368		
Total assets	499	890	21 247	20 081
Loans from credit institutions			1 202	1 141
Debt securities issued			18 823	18 265
Financial derivatives	4	4		
Total liabilities	4	4	20 025	19 406

FAIR VALUE OF FINANCIAL INSTRUMENTS AT AMORTISED COST	31.12.2017		31.12.2016	
	Fair value	Book value	Fair value	Book value
Loans to and receivables from credit institutions	85	85	271	271
Loans to and receivables from customers	21 162	21 162	19 810	19 810
Total assets	21 247	21 247	20 081	20 081
Loans from credit institutions	1 202	1 202	1 141	1 141
Debt securities issued	18 894	18 823	18 257	18 265
Total liabilities	20 096	20 025	19 398	19 406

FINANCIAL INSTRUMENTS AT AMORTISED COST - 31.12.2017	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from credit institutions	-	85	-	85
Loans to and receivables from customers	-	-	21 162	21 162
Total assets	-	85	21 162	21 247
Loans from credit institutions	-	1 202	-	1 202
Debt securities issued	-	18 894	-	18 894
Total liabilities	-	20 096	-	20 096

FINANCIAL INSTRUMENTS AT AMORTISED COST - 31.12.2016	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Loans to and receivables from credit institutions	-	271	-	271
Loans to and receivables from customers	-	-	19 810	19 810
Total assets	-	271	19 810	20 081
Loans from credit institutions	-	1 141	-	1 141
Debt securities issued	-	18 257	-	18 257
Total liabilities	-	19 398	-	19 398

FINANCIAL INSTRUMENTS AT FAIR VALUE - 31.12.2017	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	60	-	60
Financial derivatives	-	439	-	439
Total assets	-	499	-	499
Financial derivatives	-	4	-	4
Total liabilities	-	4	-	4

FINANCIAL INSTRUMENTS AT FAIR VALUE - 31.12.2016	Based on prices in an active market	Observable market information	Other than observable market information	
	Level 1	Level 2	Level 3	Total
Certificates and bonds	-	522	-	522
Financial derivatives	-	368	-	368
Total assets	-	890	-	890
Financial derivatives	-	4	-	4
Total liabilities	-	4	-	4

Note 5

ISSUED COVERED BONDS

Securities issued at floating interest rates are measured at amortised cost. Securities issued at fixed interest rates are measured at amortised cost as well, and fair value hedge accounting with changes in fair value (due to the hedged risk) recognised in profit and loss is used for the company's securities issued at fixed rate terms.

COVERED BONDS (MNOK)							
ISIN code	Currency	Nominal value 31.12.2017	Interest	Issue	Maturity	31.12.2017	31.12.2016
NO0010575079	NOK	-	3M Nibor + 0.55 %	2010	2017	-	1 498
NO0010588072	NOK	1 050	fixed NOK 4.75 %	2010	2025	1 235	1 251
NO0010657232	NOK	2 500	3M Nibor + 0.65 %	2012	2018	2 503	2 508
XS0828616457	SEK	-	3M Stibor + 0.70 %	2012	2017	-	666
NO0010676018	NOK	2 500	3M Nibor + 0.47 %	2013	2019	2 502	2 503
XS0968459361	EUR	25	fixed EUR 2.81 %	2013	2028	295	282
XS0984191873	EUR	30	6M Euribor + 0.20 %	2013	2020	295	272
NO0010696990	NOK	2 500	3M Nibor + 0.45 %	2013	2020	2 497	2 496
NO0010699028	NOK	-	3M Nibor + 0.37 %	2013	2017	-	750
NO0010720204	NOK	3 000	3M Nibor + 0.24 %	2014	2020	2 998	2 498
NO0010730187	NOK	1 000	fixed NOK 1.50 %	2015	2022	993	987
NO0010777584	NOK	3 000	3M Nibor + 0.58 %	2016	2021	3 003	2 498
XS1626109968	EUR	250	fixed EUR 0.125 %	2017	2022	2 450	-
Total securities issued						18 771	18 209
Accrued interest						52	56
Total borrowings raised through the issue of securities						18 823	18 265

COVER POOL (MNOK)	31.12.2017	31.12.2016
Pool of eligible loans 1)	20 814	19 430
Supplementary assets	85	743
Financial derivatives to hedge issued securities (liabilities)	-4	-4
Financial derivatives to hedge issued securities (assets)	439	368
Total collateralised assets	21 334	20 537
Collateralisation in %	113.3	112.4

1) NOK 348 million of total gross loans are not eligible for the cover pool as at 31.12.17.

Note 6

TRANSACTIONS WITH RELATED PARTIES

In order to conduct normal business, Møre Boligkreditt AS purchases services from Sparebanken Møre. There will also be transactions between the parties related to the acquisition of loan portfolio, and the fact that Sparebanken Møre provides loans and credits to the mortgage company.

Loans from Sparebanken Møre are transferred at market value. If the purchased mortgage loans have fixed interest rates the price is adjusted for the value above / below par. Sparebanken Møre is responsible for ensuring that the loans to be transferred to Møre Boligkreditt AS are properly established and in accordance with the requirements specified in the agreement between the mortgage company and the Parent Bank. In case of a violation of these requirements, the Parent Bank will be liable for any losses that the mortgage company would experience as a result of the error. Sparebanken Møre and Møre Boligkreditt AS have formalised the settlement of interest for transaction days from date of transfer of loan portfolio to date of settlement of the consideration.

If Møre Boligkreditt AS should have difficulty in obtaining financing, there is established a revolving guarantee from Sparebanken Møre where the purpose is to ensure timely payments to owners of bonds and derivative counterparties.

The pricing of the services provided to Møre Boligkreditt AS by Sparebanken Møre distinguishes between fixed and variable costs for the mortgage company. Fixed costs are defined as costs the mortgage company must bear regardless of the activity related to the issuance of covered bonds, the acquisition of portfolio, etc. Variable costs are defined as costs related to the size of the portfolio acquired from Sparebanken Møre and the work that must be exercised by the Bank's employees to deliver satisfactory services given the number of customers in the portfolio.

Møre Boligkreditt AS is billed for costs related to the lease of premises at Sparebanken Møre. It is assumed that regardless of operations, a certain area of the bank attributable to the mortgage company is utilised during the year. Regardless of the extent of the activity and the loan portfolio acquired by Møre Boligkreditt AS, charges related to accounting, financial reporting, risk management, cash management, financing, governance and general legal services will incur.

Sparebanken Møre bills the mortgage company based on actual salary costs, including social security contribution, pension costs and other social costs. Parts of the mortgage company's expenses related to services provided by Sparebanken Møre relates to the size of the portfolio acquired from Sparebanken Møre. Management fee is calculated and billed monthly, in which the month's average portfolio size form the basis of billing.

The interest rate of the mortgage company's deposit and credit limit in Sparebanken Møre is based on 3 months NIBOR + a Premium.

The most important transactions are as follows:

(MNOK)	31.12.2017	31.12.2016
Statement of income		
Interest and credit commission income from Sparebanken Møre related to deposits	2	2
Interest and credit commission income paid to Sparebanken Møre related to loan/credit facility	17	18
Interest paid to Sparebanken Møre related to bonded debt	11	8
Management fee paid to Sparebanken Møre	30	26
Statement of financial position		
Deposits in Sparebanken Møre	85	271
Covered bonds held by Sparebanken Møre as assets	425	2 186
Loan/credit facility in Sparebanken Møre	1 202	1 141
Accumulated transferred loan portfolio from Sparebanken Møre	21 164	19 815

Note 7

EQUITY AND RELATED CAPITAL

Core capital and supplementary capital	31.12.2017	31.12.2016
Share capital and share premium	1 500	1 350
Retained earnings	167	159
Total equity	1 667	1 509
Dividends	-152	-156
Expected losses exceeding actual losses, IRB portfolios	-40	-39
Common Equity Tier 1 capital	1 476	1 313
Supplementary capital	0	0
Net equity and subordinated loan capital	1 476	1 313

Risk-weighted assets (calculation basis for capital adequacy ratio)

Credit risk loans and receivables (Standardised Approach)	217	250
Credit risk loans and receivables (Internal ratings based Approach)	3 898	4 083
Operational Risk (Basic indicator Approach)	505	501
Total risk exposure amount for credit valuation adjustment (CVA) (SA)	320	300
Risk-weighted assets less transitional rules	4 941	5 134
Additional RWA from transitional rules 1)	3 995	3 587
Total risk-weighted assets	8 936	8 722
Minimum requirement common equity Tier 1 capital (4.5%)	402	392

1) Transitional rules require that RWA can not be less than 80 per cent of the corresponding Basel I requirement

Buffer Requirement

Countercyclical buffer (1.5%)	134	87
Capital conservation buffer (2.5%)	223	218
Systemic risk buffer (3.0%)	268	262
Total buffer requirements	626	567
Available common equity Tier 1 capital after buffer requirements	448	354

Capital adequacy as a percentage of the weighted asset calculation basis

Capital adequacy ratio	16.5 %	15.1 %
Core capital ratio	16.5 %	15.1 %
Core tier 1 capital ratio	16.5 %	15.1 %

Leverage ratio

Leverage ratio	6.6 %	6.1 %
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Liquidity Coverage Ratio

Liquidity Coverage Ratio	295%	119%
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Møre Boligkreditt AS' capital requirements at 31st December 2017 are based on IRB-Foundation for commercial commitments and IRB-Retail for retail commitments

Profit performance

QUARTERLY PROFIT

(MNOK)	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net interest income	75	68	61	57	59
Other operating income	1	-3	-6	-5	-6
Total operating costs	10	9	9	10	8
Profit before impairment on loans	66	56	46	42	45
Impairment on loans	-3	0	0	0	1
Pre tax profit	69	56	46	42	44
Tax	12	14	12	10	11
Profit after tax	57	42	34	32	33

As a percentage of average assets

Net interest income	1.43	1.34	1.23	1.15	1.23
Other operating income	0.02	-0.06	-0.11	-0.11	-0.14
Total operating costs	0.18	0.18	0.20	0.19	0.18
Profit before impairment on loans	1.27	1.10	0.92	0.85	0.91
Impairment on loans	-0.06	0.00	0.00	0.00	0.02
Pre tax profit	1.33	1.10	0.92	0.85	0.89
Tax	0.23	0.28	0.23	0.21	0.23
Profit after tax	1.10	0.82	0.69	0.64	0.66
Average total assets (MNOK)	20 910	20 565	19 545	19 876	19 164

ACCUMULATED PROFIT FOR THE YEAR

(MNOK)	31.12.2017	31.12.2016
Net interest income	261	242
Other operating income	-13	0
Total operating costs	38	33
Profit before impairment on loans	210	209
Impairment on loans	-3	1
Pre tax profit	213	208
Tax	48	52
Profit after tax	165	156

As a percentage of average assets

Net interest income	1.29	1.33
Other operating income	-0.06	0.00
Total operating costs	0.19	0.18
Profit before impairment on loans	1.04	1.15
Impairment on loans	-0.01	0.01
Pre tax profit	1.05	1.14
Tax	0.24	0.29
Profit after tax	0.81	0.85
Average total assets (MNOK)	20 225	18 207